

# Statement on climate change

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February 2019



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## INTRODUCTION

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Climate change is one of the main challenges the planet faces, impacting the environment, business and the economy. It is a source of physical hazards and of transition risks, as well as opportunities for countries, business and people.

The scientific community and organizations such as the Intergovernmental Panel on Climate Change (IPCC) believe that only substantial sustained reductions in greenhouse gas emissions can limit global warming and reduce the risks and impact from climate change.

In 2015, the Paris Agreement set out a global action plan with the long-term objective of keeping the rise in average global temperature to well under 2°C compared to pre-industrial levels, and limiting the increase to 1.5°C.

In this context, here at CaixaBank we believe it is essential to speed up the transition to a low-carbon economy, promoting sustainable and socially-inclusive development. To achieve this, both the public and private sector, and society in general need to take urgent action by developing long-term climate strategies in line with the Paris Agreement targets (COP21) and the United Nations Sustainable Development Goals.

In this vein, financial institutions have a key role to play in implementing these targets both directly through their own operations and indirectly through relationships with customers, investee companies, commercial partners and the value chain.

Here at CaixaBank we work coherently and systematically in the aim of contributing to the transition to a low-carbon economy by decreasing the direct impact of our operations and financing and investing in sustainable projects.

This commitment to the environment, which comes from our desire to play a proactive role in the sustainable and socially-inclusive development of our society, is also set out in our social responsibility policies such as the Code of Ethics and Business Practice, and the Corporate Social Responsibility policy.

## ACTION LINES

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### 1. Supporting viable projects that are compatible with a low-carbon economy and solutions for climate change

At CaixaBank, we believe economic growth and lower emissions are complementary goals. In this sense, the transition to a low-carbon economy also involves financial opportunities. In order to bring these about, it is necessary to continue to offer viable solutions that cover the expectations and requirements our customers and stakeholders. As part of these solutions, CaixaBank has for years played an active role in financing renewable energy, infrastructure and sustainable agriculture projects, among others. Similarly, our asset and pension plan managers promote socially responsible investment.

- ▶ We will continue to seek out new solutions to help our customers respond to the risks and opportunities from climate change through our products and services.
- ▶ We will work to speed up investment and financing aimed at mitigating and adapting to climate change.
- ▶ We will support our customers so that they make progress in responsibly transitioning to a low-carbon economy.
- ▶ We will continue to offer socially responsible investment products to investors.

### 2. Managing the risks associated with climate change

Social and environmental risks, including those linked to climate change, may have a financial impact. For this reason, here at CaixaBank we have applied the Equator Principles since 2007 and have an internal procedure for social and environmental risk management in project financing. Additionally, we have specific criteria for financing sectors and clients whose potential risk is estimated to be larger and we include ESG (environmental, social, and governance) criteria in asset management, in line with the UN Principles for Responsible Investment. In this vein, climate risk assessment and management practices are constantly evolving and here at CaixaBank we are working on including them to have more robust systems.

- ▶ We will work to identify, manage and mitigate the risks related to climate change that have a material impact on our business.
- ▶ We will assess and manage the environmental risks to our business operations based on internationally recognized standards.

### 3. Minimizing and compensating for our carbon footprint

Our environmental commitment starts by setting an example and reducing our contribution to climate change, minimizing the impact of our operations on the environment. With this aim, we have a system of environmental and energy management based on ISO standards 14001, 51000 and EMAS (Eco-Management and Audit Scheme) Regulations. This system includes plans for ongoing improvement to increase the bank's environmental efficiency, minimizing our emissions (scope 1, 2 and 3) and compensating for those we cannot eliminate.

- ▶ We will set up annual targets including lower energy, water and paper use, waste, and emissions linked to travel.
- ▶ We will continue to improve our energy efficiency, minimizing CO<sub>2</sub> emissions.
- ▶ We will compensate for our calculated carbon footprint to remain *Carbon Neutral*.
- ▶ We will include new environmental criteria in our relationship to the supply chain.
- ▶ We will promote the development and distribution of more respectful technology for the environment.

### 4. Collaborating with other organizations to make joint progress

The extent of climate change requires public-private partnerships and multi-sectorial approaches. At CaixaBank, we regularly participate in working groups and associations dedicated to environmental progress, including the UNEPFI and the Spanish Group for the Green Growth. Our asset and pension plan units are also signatories to the Climate Action 100+ initiative that promotes dialogue among companies around the world with high levels of greenhouse gas emissions. In turn, our business is done in line with international standards and principles, including the Global Compact, the UN Principles for Responsible Banking and Socially Responsible Investment Principles and the Equator Principles. Along these lines, we support the work of the Task Force on Climate-Related Financial Disclosures (TCFD) at the Financial Stability Board, as well as similar initiatives from the European Commission.

- ▶ We will continue to work alongside other organizations and institutions, maintaining our participation in the main responsible associations and initiatives.
- ▶ We will contribute to generating and promoting knowledge to drive sustainable development.
- ▶ Where appropriate, we will encourage our suppliers, subsidiaries and partners to sign up to international standards and principles in environmental matters.
- ▶ We will actively participate, where appropriate, in the development of firm, clear, cross-sector and stable regulatory responses within a sufficient time-frame, including the necessary investment objectives and the economic, social and environmental aspects that come from transitioning to a low-carbon economy.

## 5. Reporting on our progress transparently

It is essential to have rigorous, relevant and appropriate information to drive action on climate change. It is also essential for the correct operation of the markets. Here at CaixaBank we coherently include the main activities and metrics in our public reports, including the Management Report attached the Financial Statements, the Socioeconomic Impact Report and the Environment Statement. These reports include details on our greenhouse gas emissions (scope 1, 2 and 3 according to the Greenhouse Gas Protocol); consumption, products and services that contribute to transitioning to a low-carbon economy; socially responsible investment, and social and environmental risk management. These details are checked externally by third parties, whose reports are included in our public information.

Similarly, CaixaBank is a signatory to CDP and, in turn, releases its environmental data. Moreover, VidaCaixa - the Group's pension plan manager - and CaixaBank Asset Management - our asset manager - release their annual report on the implementation of UNPRI's Principles for Responsible Investment.

- ▶ We will measure our activity and inform our stakeholders proactively, regularly and clearly.
- ▶ We will publish our climate change data annually, progressing towards alignment with the TFCF recommendations and future European regulations.
- ▶ We will include in our reports the improvements from developing new methodologies and frameworks of non-financial *reporting*.

## **GOVERNANCE**

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The Board of Directors is responsible for approving, supervising and monitoring the effectiveness of this Statement and the commitments included herein.

In turn, the Appointments Committee is responsible for supervising CaixaBank activity linked to the topics of corporate responsibility that also include the Environmental Strategy. Furthermore, the Risk Committee puts forward the Group's risk policy to the Board. Moreover, several internal committees are responsible for the coordination and supervision of different aspects set out in this Statement, including the Corporate Responsibility and Reputation Committee, the Environmental Risk Management Committee, the Task Force for Operational Assessment and the Environment Committee.

This Statement will be periodically reviewed and updated.

**Statement approved by the Board of Directors on 21 February 2019.**